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# THE SITUATION OF THE UNITED STATES AT THE CLOSE OF THE WAR AS A QUESTION OF NATIONAL DEFENSE

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The financial situation of the United States at the close and as a result of the European war can be forecasted with a fair degree of accuracy, and the result of the forecast can be regarded with a degree of satisfaction. Indeed it is difficult to understand the basis of the forebodings expressed in many quarters that the interests of the United States will be in any way injured in the process of world readjustment which must follow the conflict. The probable results of the war upon our principal competitors have been set forth in the various papers read at this and previous sessions with substantial unanimity of opinion. We know that European nations will be burdened with enormous debts, with resulting heavy taxation which must increase the overhead charges of industry. We know that the loss in their working population, and especially in their directing and executive population, has already been severe and continues to increase. We have no reason to expect that the war will settle anything except the endurance of the fighters, so that the crushing burdens of armament will continue to be borne.

We can reasonably expect, moreover, that the conflict, when it finally dies, will leave a legacy of hatred, of jealousy and suspicion, among the warring powers which will, for many years, interfere with the extension and cultivation of friendly commercial relations. That the United States is certain to profit from this situation is evident. While no fighter loves the neutral bystander, at any rate he does not hate him. The American manufacturer will have in future an easier time in competition with his foreign rivals in the markets of their enemies. No matter if the temporary war trade dies with the war, the connections formed can be turned to profitable account in advancing the interests of American export trade.

Apprehensions are expressed that American markets will be flooded with low priced European goods at the end of the war. European manufacturers, with their regular trade disorganized, will be forced to invade on a large scale the markets of the United States. It is not, however, contended that this situation will be permanent. The handicap of a high protective tariff still continues and it is not beyond the bounds of possibility that the handicap may be increased in the near future. Certainly a general European fire sale after the war will furnish a strong argument for at least a temporary advance in duties.

The same answer can be made to the argument that a flood of European laborers will, at the close of the war, endanger the American standard of living and lower American wages. Europe's machinery of protection is substantially untouched. This war, costly to human life, has not been characterized by wholesale devastation and destruction of property. Factories, mills, ships and railroads are intact. Outside of the foreign trade of Germany, industries are being still carried on on a reduced scale. When the war is ended, the millions of men, those that are alive and whole, will return to the places whence they came out. The demand for labor will remain, but the supply, by wounds, disease and death, will be much reduced. Why the European laborer should run away from the opportunity of higher wages and more assured employment here presented to try the doubtful hazards of the new world, even if his governments will let him run away, a most unlikely permission, has not been clearly explained.

So much for the immediate effects of the European war upon this country. We have not been seriously injured by war and the immediate results of peace will not, apparently, work to our disadvantage.

It is not the proximate, but the eventual, situation of the United States which should concern us.

This war is not likely to establish so great a preponderance of international advantage as to make future wars impossible. The machinery, the organization, the habits and instincts, the hatreds, jealousies and envies, the phrases and the songs of war will survive the conflict. Man is by nature, as one philosopher put it, a fighting and quarreling animal. He likes to fight. He likes to watch other men fight. His life, if successful, is a conflict with his competitors;

a conflict which President Wilson and his supporters are doing their best to make permanent by statute and commission. So it always has been, and so, at least in the time of our grandchildren, it is likely to be. Within the confines of each national state, he fights according to rules which keep the struggle within certain decent bounds. But beyond the international boundary line, law ceases. Nations make their rules as they go along. When national advantage indicates the time for war, war is declared without warning, on any pretext, and war is waged without any regard to any rule except the rule of expediency in the light of military advantage.

Observe the present conflict. When we objectify the war, look at it, if we can, unbiased by our own inherited prejudices, and unbiased also by the unconscious though powerful motives of trade advantage, both proximate and remote, which incline us to the allies, can there be any question of who is right, can there be any doubt that the blame is shared by every one of the combatants? Each one entered the war for selfish reasons of national advantage, although publicly, especially when invoking divine blessings upon the respective armies, they claim for themselves the loftiest motives of patriotism; or even beyond these, they assert that the organized and wholesale murdering in which they are engaged is inspired by the pure passion of international brotherhood and sympathy for oppressed peoples. Where is international law? In the face of broken pledges and torn scraps of paper, in the face of the slaughter of civilians, the shelling of unfortified towns, the attempted starvation of great nations, the forced levies upon captured cities, the sinking of neutral vessels; what has become of the laws of war? They do not exist except in times of peace.

And what assurance has the United States that we shall be able, because of the friendliness which the cosmopolitan character of our population disposes us to show to all nations, to keep out of future conflicts? Inevitably the tendencies of our foreign trade, the pressure of capital for investment in the profitable fields of exploitation of Asia, the West Indies, South America, are drawing us into the international field. We have asserted and are prepared to maintain a suzerainty over the countries to the south of us. At present we do not feel sufficient responsibility to make the Mexicans or any other Latin American nation, except Cuba, keep the peace. We allow them to settle their own difficulties in their own way, but

even the most pacific administration in American history would not tolerate meddling in Mexican affairs by European powers.

Of course this policy of responsibility without duty cannot be continued. The commercial, and to a large extent, the financial interests of the United States, are bound up with the orderly development of the countries to the south of us. These territories form, with the United States, an economic unit entirely self sufficient. These Latin American countries have enormous natural resources. They offer an almost untouched field for industrial and commercial exploitation. They are the natural field for American energy and enterprise. It is unreasonable to expect that the policy immortalized by the late Wilkins Micawber will be continued by future administrations; that United States' lives and property will be left unprotected while Mexican mob armies, in the sacred name of liberty, fight each other to determine what set of plunderers shall control the offices and the graft.

For the present, it is true, the tendency is to deny to the investor the right to large profits in the development of his own country, and when he goes into foreign lands with his money, to deny him protection because he did not remain at home. This tendency, however, it is fair to presume, will be changed at an early date.

A vigorous, sustained, consistent foreign policy, carried on without reference to party politics, or the fortunes of statesmen, but with exclusive reference to perceived national advantage is necessary for the future development of the United States. It is necessary to keep the trade we now have, to get more trade, to safeguard our large investments in certain foreign countries, and to make new investments. All this means a vigorous foreign policy.

A vigorous foreign policy will naturally bring us into conflict with the interests of foreign nations. Even more urgent will be their pressing into the foreign trade. Already their trade interests in Asia and Latin America are enormous and these interests will continue to grow. It is altogether likely that our interests, in these undeveloped regions, will clash with theirs. And when the clash comes, if we are found unprepared; if any of our European or Asiatic friends of whom we never speak publicly, save in terms of lofty and affectionate compliment, think that they can wrest from us with impunity any of our possessions, we may be certain, if the gain is

greater than the hazard, that they will make the attempt. The only thing that will restrain them is the size of the hazard, represented by the army and navy of the United States.

And so we come to the conclusion that the financial destiny of the United States, so far as it relates to the foreign trade, is bound up with the question of national defense. No one ever attacks in war. Japan did not attack Russia in 1904. The South did not attack the North during the Civil War. Germany did not attack Belgium and France. Attacking is bad form. The thing to do is to defend, always remembering the military maxim that the best defense is a strong, sudden, unforeseen attack. So we will assume that the United States would never attack anyone, no matter what the provocation, no matter how vital the interests involved. We should, however, defend ourselves if attacked, and at present we are by no means prepared even to protect our shores from invasion, much less to carry the war to our foes.

It is time that the American people—the richest, and at the same time, the most excitable and sensitive people in the world—should realize that they are living in a world of force and should make their preparations accordingly; that they should draw from the Scriptures not merely the mild doctrines of peace, non-resistance and submission to wrong, but should remember that the same Scriptures contain the warning, peculiarly applicable to the United States at the present time, “When a strong man armed keepeth his palace, his goods are in peace, but when a stronger than he shall come upon him, he taketh from him his armour in which he trusted, and divideth the spoil.”